



# USAID | UKRAINE

FROM THE AMERICAN PEOPLE

## LOCAL GOVERNANCE



Photo: Valeria Kotlyarenko

**Zhytomyr's youngest residents enjoy art class on new chairs provided by the local government.**

### THE CHALLENGE

The growth of local government remains stifled by the limited resources that municipalities have at their disposal to build and operate basic services and infrastructure. Local governments need to attract domestic and foreign capital investment, and to learn to manage their budgets effectively and efficiently, while becoming more transparent and accountable to the citizenry.

### PROGRAM OBJECTIVES

- To help Ukrainian cities attract investment, promote business development and create jobs.
- To strengthen the capacity of cities to perform core functions, such as formulation and implementation of strategic plans.
- To improve the delivery of essential communal services, such as energy, water and wastewater, to customers.
- To improve the legislative and regulatory frameworks to enhance cities' creditworthiness and develop their ability to attract budget, debt and equity financing.

### OVERVIEW

USAID activities in the areas of local government, municipal development and local economic development are designed to enhance local government capacity to improve service delivery to residents, further develop autonomous and transparent financial planning and management strategies, and provide forums for an informed citizenry to actively participate in local decision-making. USAID is promoting local self-governance, municipal development, effective budget management and fiscal autonomy, and strengthening of local government associations in three programs: *Local Economic Development*, *Municipal Finance Strengthening Initiative*, and *Expanding Training and Advocacy Services of the Association of Ukrainian Cities*. In addition, USAID has formed two public-private partnerships that are supporting local development in eight cities in Donetsk, Dnipropetrovsk and Luhansk Oblasts.

### OUR PROGRAMS

#### Local Economic Development

The purpose of the project is to help cities establish strategic economic development plans that will enable Ukrainian city governments to attract investment, promote business development and provide job creation. Principal components of the project include: capacity building for strategic planning, establishment of a steering committee and an office of economic development in each participating city; development of a municipal LED toolkit; formulation of a supportive legislative agenda; support for the implementation of each strategic plan; and, information dissemination. This project is being implemented in more than 40 competitively selected cities throughout Ukraine.

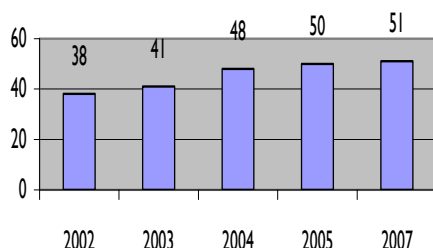
#### Expanding Training and Advocacy Services of the Association of Ukrainian Cities

The project's goal is to facilitate the development of a democratic and decentralized civil society in Ukraine through expanding the capacity of the *Association of Ukrainian Cities (AUC)* to provide training, advocacy and technical assistance through a network of Regional Offices throughout Ukraine. The project's components include among others, developing AUC institutional capacity, enlarging the types of training services and legal advisory assistance, building up an expanded cadre of skilled local government professionals, developing law-drafting methodology and, what's most important, conducting a national policy dialogue on decentralization issues.

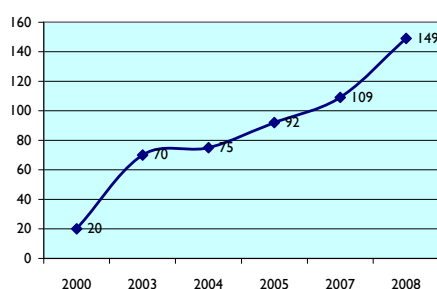
#### Municipal Finance Strengthening Initiative

This project assists cities in developing their capacity to plan and finance, the development of municipal utility companies through fiscal decentralization, improved intergovernmental transfers and public finance management. At the national level, the project works on improving the legislative and regulatory frameworks to enhance cities' creditworthiness and develop their ability to attract budget, debt and equity financing for infrastructure development.

## Local Good Governance Index (%) (Source: IFES annual opinion poll)



## Improvements in Services in Cities, number (cumulative)



### Implementing Partners:

**Local Economic Development:**  
Chemonics International, Inc.  
**Expanding Training and Advocacy Services:** Association of Ukrainian Cities  
**Efficient Water Supply in Alchevsk:** Municipal Development Institute  
**Municipal Finance Strengthening Initiative:** IBSE

For more information, please contact  
**USAID/Ukraine Development**  
**Outreach & Communications, tel. (380 44) 537 4600 or visit**  
**<http://ukraine.usaid.gov>**

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## Affordable District Heating and Energy-Efficient Residential Sector in Alchevsk

USAID formed this alliance with the Alchevsk City Development Fund, the Alchevsk Municipality, the Municipal Development Institute, and other participants to help Alchevsk find ways to improve its municipal heating system. This is a follow-on activity to the *Efficient Water Supply in Alchevsk* project implemented in 2008, which contributed to cutting water losses and laid the foundation for extending support to the heating sector.

### PROGRAM HIGHLIGHTS

#### Local Economic Development

- LED has worked with 76 cities throughout the country on Strategic Plans for Economic Development, with the goal of helping cities add jobs and private investment to their economies over the next 5 to 10 years. 29% of those cities are located in Eastern Ukraine, 21% in Southern Ukraine, 28% in Central and Northern Ukraine and 22% in Western Ukraine. Of those cities, 70 have adopted Strategic Plans for Economic Development.
- LED has helped partner cities to create 50,000 jobs and attract more than \$2 billion in direct investment as a way of accelerating economic growth.
- More than 1,500 representatives from local government, businesses, and civil society were trained in local economic development and strategic planning.
- A practical LED tool kit containing general tools for strategic planning and 20 tools for plan implementation was created and is on-line at ([www.led.net.ua/eng/pages/tools.html](http://www.led.net.ua/eng/pages/tools.html)).
- Two GDA's were completed for Ukrainian industry financing strategic planning and implementation in eight cities.

#### Expanding Training and Advocacy Services of the Association of Ukrainian Cities

- Membership in the AUC has now grown to some 580 municipalities; AUC training services were expanded and currently reach 540 cities.
- The AUC Center for Legislative Initiatives was established and functions as an institutional element of AUC lobbying efforts. Five draft pieces of legislation were prepared during the reporting period.
- The AUC has increased its capacity to deliver legal assistance to local government officials in the field, expanded its training services through diversified training activities and tools, and established the technical capacity to quickly adjust to the training needs of its city-members. This has helped expand AUC membership and improved its financial stability through increased membership dues.

#### Efficient Water Supply for the City of Alchevsk

The project:

- Identified main reasons for commercial water losses in the South-West rayon of the city of Alchevsk.
- Developed a computer hydraulic water model for the South-West rayon that will allow Alchevsk Water Company (AWC) to improve their water management.
- Developed a Water Losses Reduction Action Plan and a Financial Plan that will serve as a basis for AWC Operations Improvement Plan and contains a set of practical recommendations to reduce commercial water losses.
- Assisted the city in implementing an Operations Improvement Plan.